

Benson, Chad (MSHDA)

From: Ali Gaylord [ali@theforestgrp.com]
Sent: Friday, May 25, 2007 11:00 AM
To: Benson, Chad (MSHDA)
Subject: QAP Listening Session written comments

Chad, Please find my comments for the QAP listening session below. I can send it in a word document attachment if it would be more convenient for you. Thank you- Ali

MSHDA Staff:

The Affordable Housing Development Community appreciates the opportunity to present our thoughts on the QAP to the MSHDA Tax Credit Staff.

It is important to **maintain the fairness** of the current QAP in allocating the scarce resource of the LIHTC across all geographic areas in the State. The Forest Group is in favor of **maintaining the cap on credit allocation by geographic area**. All portions of the state have need, and it is important to address this need in a way that is not biased toward either rural or toward urban communities.

Maintaining the lottery system is also an important aspect of the new QAP. This allows many good projects to be submitted for consideration instead of few projects quibbling over one point in order to be selected. A one point difference is not a good determination of a better project, and the **threshold scoring guarantees that many well-rounded proposals will be submitted** for consideration. The lottery also allows smaller developers who may not be able to compete with the higher point proposals to attain the threshold and have a chance to be selected for LIHTC allocation.

A multiple funding round system should also be maintained in the new QAP. Land control is one of the most difficult things for a developer to maintain while the application process is underway. Land sellers do not want to wait to sell their land until a developer receives an allocation of tax credits. If the funding rounds were decreased, it would be even harder for developers to maintain land control for the amount of time necessary to make an application and get things like site plan approval, PILOT, etc. in place.

The Preservation holdback should be increased from the current 30% to a 40% holdback, and the General should be reduced from 40% to 30%. Preservation should have a set-aside for the specific preservation of Rural Housing (RHS 515) projects.

The definition of Rural for the rural set-aside in the QAP should remain as it is currently, as proposed or existing housing projects that fall into one or more of the following categories: 1) located in an area other than a metropolitan county; 2) funded by a federal program for the development of rural housing; and 3) financed by a loan guaranteed by Rural Housing Services or a successor agency. It is important that the definition of Rural not be constricted to only include RHS 515 communities (those with populations of less than 20,000), because there is affordable housing need in suburban/rural communities. Affordable housing provision is a supply side endeavor, and if the people in Michigan are demanding affordable housing in rural suburban locations the QAP should not mandate that the rural housing to be supplied where there is not the high demand.

Please do not hesitate to contact me if you have any questions or comments regarding these thoughts. I look forward to reviewing the draft of the new QAP when it becomes available.

Sincerely,
 Alicia Gaylord

The Forest Group, LLC

5/25/2007

4572 S. Hagadorn, Suite 3C
East Lansing, MI 48823
P (517) 999-3300
F (517) 999-3301